

**MORNING MOCHA**

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Investors' sentiments remained cautious as tensions in Middle East simmered with the ceasefire between US and Iran now ended. Both US and Iran have upped their offensive, effectively ruling out any hopes of further negotiations. Oil prices edged up further, leading to fresh inflationary concerns. Separately, GDP growth in Japan moderated to 1.1% in Apr-Jun'26 (est. 2%) following an increase of 1.9% in the last quarter. The dip was largely attributed to weak private consumption. In China, industrial production growth slowed to 4.5% in Jul'26 from 5.3% in Jun'26. Retail sales also decelerated to 0.6% compared with a 1% increase in Jun'26. Fixed asset investment growth declined by 6.7% in Jan-Jul'26, after declining by 5.7% in Apr-Jun'26.

- Stocks in the US and UK edged down amidst reports of unrest in Lebanon and anticipation of fresh sanctions by the US on Iran. Both Dow Jones and S&P 500 declined by 0.5% each. Asian stocks rose, led by gains in technology shares. Sensex moderated tracking global cues. It is trading further lower today, while other Asian stocks are trading mixed.

**Table 1 – Stock markets**

|               | 14-08-2026 | 17-08-2026 | Change, % |
|---------------|------------|------------|-----------|
| Dow Jones     | 53,732     | 53,460     | (0.5)     |
| S & P 500     | 7,786      | 7,745      | (0.5)     |
| FTSE          | 10,750     | 10,720     | (0.3)     |
| Nikkei        | 68,714     | 69,220     | 0.7       |
| Hang Seng     | 25,117     | 25,453     | 1.3       |
| Shanghai Comp | 3,927      | 3,983      | 1.4       |
| Sensex        | 78,009     | 77,728     | (0.4)     |
| Nifty         | 24,366     | 24,288     | (0.3)     |

Source: Bloomberg, Bank of Baroda Research

- Global currencies ended mixed. DXY edged down as investors lowered the probability of Fed rate hike in Sep'26 after weak economic data. EUR gained by 0.1%. INR depreciated by 0.2% as oil prices continued to edge up. It is trading further weaker today, while other Asian currencies are trading mixed.

**Table 2 – Currencies**

|                       | 14-08-2026 | 17-08-2026 | Change, % |
|-----------------------|------------|------------|-----------|
| EUR/USD (1 EUR / USD) | 1.1570     | 1.1580     | 0.1       |
| GBP/USD (1 GBP / USD) | 1.3538     | 1.3544     | 0         |
| USD/JPY (JPY / 1 USD) | 159.32     | 159.46     | (0.1)     |
| USD/INR (INR / 1 USD) | 95.44      | 95.61      | (0.2)     |
| USD/CNY (CNY / 1 USD) | 6.7425     | 6.7408     | 0         |
| DXY Index             | 99.67      | 99.64      | 0         |

Source: Bloomberg, Bank of Baroda Research



- Barring China (stable), other global yields inched up. Inflationary and fiscal concerns reignited in major economies amidst the continued impasse in US-Iran peace deal. US 10Y yield rose the most, followed by the UK and Germany. India's 10Y yield rose by 5bps tracking higher oil prices. It is trading further higher at 6.83% today.

**Table 3 – Bond 10Y yield**

|         | 14-08-2026 | 17-08-2026 | Change, bps |
|---------|------------|------------|-------------|
| US      | 4.69       | 4.72       | 3           |
| UK      | 5.04       | 5.06       | 2           |
| Germany | 3.20       | 3.22       | 2           |
| Japan   | 2.89       | 2.92       | 3           |
| China   | 1.68       | 1.68       | 0           |
| India   | 6.76       | 6.81       | 5           |

Source: Bloomberg, Bank of Baroda Research

**Table 4 – Short term rates**

|                          | 14-08-2026 | 17-08-2026 | Change, bps |
|--------------------------|------------|------------|-------------|
| Tbill-91 days            | 5.24       | 5.24       | 0           |
| Tbill-182 days           | 5.53       | 5.53       | 0           |
| Tbill-364 days           | 5.68       | 5.68       | 0           |
| G-Sec 2Y                 | 6.14       | 6.19       | 5           |
| India OIS-2M             | 5.30       | 5.30       | 0           |
| India OIS-9M             | 5.61       | 5.65       | 4           |
| SONIA int rate benchmark | 3.73       | 3.73       | 0           |
| US SOFR                  | 3.62       | 3.62       | 0           |

Source: Bloomberg, Bank of Baroda Research

**Table 5 – Liquidity**

| Rs tn                             | 14-08-2026 | 17-08-2026 | Change (Rs tn) |
|-----------------------------------|------------|------------|----------------|
| Net Liquidity (-deficit/+surplus) | 4.0        | 3.6        | (0.4)          |

Source: RBI, Bank of Baroda Research

**Table 6 – Capital market flows**

|                      | 13-08-2026 | 14-08-2026 | change (US\$ mn/Rs cr) |
|----------------------|------------|------------|------------------------|
| FII (US\$ mn)        | (128.5)    | 403.1      | 531.6                  |
| Debt                 | (165.3)    | (27.8)     | 137.5                  |
| Equity               | 36.8       | 430.9      | 394.1                  |
| Mutual funds (Rs cr) | (2,183.2)  | 10,525.5   | 12,708.7               |
| Debt                 | (6,975.6)  | 5,953.7    | 12,929.3               |
| Equity               | 4,792.4    | 4,571.8    | (220.5)                |

Source: Bloomberg, Bank of Baroda Research | Note: Mutual fund data as of 13 Aug and 12 Aug 2026

- Oil prices rose as tensions between US and Iran flared up.

**Table 7 – Commodities**

|                         | 14-08-2026 | 17-08-2026 | Change, % |
|-------------------------|------------|------------|-----------|
| Brent crude (US\$/bbl)  | 88.5       | 90.9       | 2.7       |
| Gold (US\$/ Troy Ounce) | 4,376.4    | 4,416.0    | 0.9       |
| Copper (US\$/ MT)       | 14,576.3   | 14,594.0   | 0.1       |
| Zinc (US\$/MT)          | 3,862.5    | 3,851.9    | (0.3)     |
| Aluminium (US\$/MT)     | 3,252.0    | 3,266.5    | 0.4       |

Source: Bloomberg, Bank of Baroda Research



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